

STATE OF ARIZONA

STATE OF ARIZONA
FILED

DEPARTMENT OF INSURANCE

JAN 28 1997

DEPT. OF INSURANCE
BY Kathy

In the Matter of the Acquisition of)
Control of:)

Docket No. 96A-196-INS

STOP-LOSS LIFE REINSURANCE)
COMPANY (NAIC No. 71609),)

ORDER

Insurer,)

by)

THE SWISS REINSURANCE)
COMPANY,)

Petitioner.)

January 17, 1997, the Office of Administrative Hearings, through Administrative Law

Judge Lewis D. Kowal, submitted "Recommended Decision of Administrative Law Judge"

("Recommended Decision"), a copy of which is attached and incorporated by this reference. The

Director of the Arizona Department of Insurance has reviewed the Recommended Decision and enters

the following order:

1. The recommended findings of fact and conclusions of law are adopted.

2. The acquisition of control of the Insurer by the Petitioner is approved subject to
the express conditions as follows

a. If the completed fingerprint cards furnished to the Department reveal that any of
Petitioner's officers or directors have been charged with or convicted of a felony or misdemeanor other

1 than minor traffic violations, the individual(s) will be removed as an officer and/or director of the
2 Petitioner and/or the Insurer within 30 days after notice to Petitioner by the Department and will be
3 replaced with an officer or director acceptable to the Director. If Petitioner fails to take the prescribed
4 action within 30 days, this failure will constitute an immediate danger to the public and the Director
5 immediately may suspend or revoke Insurer's certificate of authority without further proceedings.

6 b. The failure to adhere to one or more of the above terms and conditions will result
7 without further proceedings in the suspension or the revocation of the Insurer's certificate of authority.

8 3. All information, documents, and copies relating to the Insurer and Petitioner
9 obtained by or disclosed to the Director, or any other person in the course of a filing, an examination or
10 investigation made pursuant to A.R.S. §§ 20-481.03 and 20-481.20, will not be given confidential
11 treatment, will be subject to subpoena and will be made public documents, subject to inspection,
12 examination or copying by any person.

13 4. Until further notice from the Department, the Insurer will file quarterly financial
14 statements following the effective date of the acquisition.


15 5. Upon consummation of this acquisition, the Insurer will file its registration
16 statement in the form prescribed by A.R.S. § 20-481.10 and within the time period prescribed by A.R.S.
17 § 20-481.09 or §20-481.13. If the registration statement would duplicate the information previously
18 submitted by the Petitioner in the statement filed with the Department pursuant to A.R.S. § 20-481.03
19 and there have been no material changes since the filing of that statement, then the Insurer will submit a
20 statement to that effect incorporating by reference the statement previously filed with the Department in
21 lieu of the registration statement

1 NOTIFICATION OF RIGHTS

2 The aggrieved party may request a rehearing with respect to this Order by filing a written
3 petition with the Office of Administrative Hearings within 30 days of the date of this Order, setting forth
4 the basis for such relief pursuant to A.A.C. R20-6-114(B).

5 The final decision of the Director may be appealed to the Superior Court of Maricopa
6 County for judicial review pursuant to A.R.S. § 20-166.

7 EFFECTIVE this 28 day of January, 1997

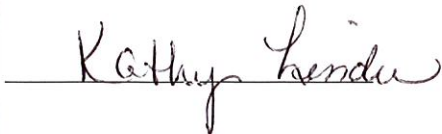
8
9 
10 John A. Greene
Director of Insurance

11 A copy of the foregoing mailed
12 this 28th day of January, 1997

13 Charles R. Cohen, Deputy Director
14 Gregory Y. Harris, Executive Assistant Director
15 Mary Butterfield, Assistant Director
16 Catherine O'Neil, Assistant Director
17 Gary Torticill, Assistant Director
Scott Greenberg, Business Administrator
18 Department of Insurance
2910 N. 44th Street, Suite 210
19 Phoenix, AZ 85018

18 Office of Administrative Hearings
1700 West Washington, Suite 602
19 Phoenix, AZ 85007

20 Patrick J. O'Brien
Swiss Re America Holding Corporation
21 237 Park Avenue
New York, NY 10017

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No. 96A-196-INS

RECOMMENDED DECISION OF ADMINISTRATIVE LAW JUDGE

by
THE SWISS REINSURANCE COMPANY,
Petitioner.

APPEARANCES: Lukas Apafi for the Petitioner and Kurt Regner for the
a Department of Insurance

On January 9, 1997, a hearing took place to consider the application for the acquisition of control of Stop-Loss Life Reinsurance Company (the "Insurer"), filed by The Swiss Reinsurance Company (the "Petitioner"), with the Arizona Department of Insurance (the "Department"), and for approval of Petitioner as the controlling person of the Insurer pursuant to the provisions of A.R.S. §§20-481 through 20-481.23, and A.A.C. R20-6-1402.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. The Insurer is a domestic insurer as referred to in A.R.S. §20-481.02.
2. The Petitioner has filed a statement as referred to in A.R.S. §§20-481.02 and 20-481.03, in the form required by A.A.C. R20-6-1402.
3. No evidence has been produced at the hearing that would indicate or form the basis for a finding that the Petitioner's acquisition of control of the Insurer:

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Phoenix, Arizona 85007
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- a. Is contrary to law;
- b. Is inequitable to the shareholders of any domestic insurer involved;
- c. Would substantially reduce the security of and service to be rendered to the policyholders of the domestic insurer in this State or elsewhere;
- d. After the change of control the domestic insurer would not be able to satisfy the requirements for the reissuance of a certificate of authority to write the line or lines of insurance for which it is presently licensed;
- e. The effect of the acquisition of control would be to substantially lessen competition in insurance in this state or tend to create a monopoly;
- f. The financial condition of any acquiring party might jeopardize the financial stability of the Insurer or prejudice the interest of its policyholders;
- g. The plans or proposals that the acquiring party has to liquidate the insurer, sell its assets or consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, are unfair and unreasonable to policyholders of the Insurer and are not in the public interest;
- h. The competence, experience and integrity of those persons who would control the operation of the Insurer are such that it would not be in the public interest of policyholders of the Insurer and of the public to permit the merger or other acquisition of control; or
- i. The acquisition is likely to be hazardous or prejudicial to the insurance-buying public.

5. The Petitioner has furnished completed fingerprint cards to the Department to enable the Department to determine if any of Petitioner's officers or directors have been charged with or convicted of a felony or misdemeanor other than minor traffic violations. The Petitioner has made representations material to the issuance of the Order in this matter that none of its officers or directors have been charged with or convicted of a felony or misdemeanor other than minor traffic violations.

6. The interests of policyholders, shareholders or the public will be served by the publication of all information, documents and copies, relating to the Insurer and

1 Petitioner, and obtained by or disclosed to the Director of the Department ("Director"),
2 or any other person in the course of a filing, an examination, or investigation made
3 pursuant to A.R.S. §§20-481.03, 20-481.

4 7. Based upon its review of the Petitioner's Form A filing, the Department
5 represented its belief that the Petitioner's Form A filing is complete and in compliance
6 with Arizona law and recommended approval of this acquisition.

7 **RECOMMENDED ORDER**

8 The undersigned Administrative Law Judge recommends that:

9 1. The acquisition of control of the Insurer by the Petitioner be approved
10 subject to the express conditions as follows:

11 a. If the completed fingerprint cards furnished to the Department reveal that
12 any of Petitioner's officers or directors have been charged with or convicted of a felony
13 or misdemeanor other than minor traffic violations, the individual(s) shall be removed as
14 an officer and/or director of the Petitioner and/or the Insurer within 30 days after notice
15 to Petitioner by the Department and shall be replaced with an officer or director
16 acceptable to the Director. If Petitioner fails to take the prescribed action within 30
17 days, this failure will constitute an immediate danger to the public and the Director
18 immediately may suspend or revoke Insurer's certificate of authority without further
19 proceedings.

20 b. The failure to adhere to one or more of the above terms and conditions
21 shall result without further proceedings in the suspension or the revocation of the
22 Insurer's certificate of authority.

23 2. All information, documents, and copies relating to the Insurer and
24 Petitioner obtained by or disclosed to the Director, or any other person in the course of
25 a filing, an examination or investigation made pursuant to A.R.S. §§20-481.03 and 20-
26 481.20, not be given confidential treatment, be subject to subpoena and shall be made
27 public documents, subject to inspection, examination or copying by any person.

28 3. Until further notice from the Department, the Insurer shall file quarterly
29 financial statements following the effective date of the acquisition.
30

4. Upon consummation of this acquisition, the Insurer shall file its registration statement in the form prescribed by A.R.S. §20-481.10 and within the time period prescribed by A.R.S. §20-481.09 or §20-481.13. If the registration statement would duplicate the information previously submitted by the Petitioner in the statement filed with the Department pursuant to A.R.S. §20-481.03 and there have been no material changes since the filing of that statement, then the Insurer shall submit a statement to that effect incorporating by reference the statement previously filed with the Department in lieu of the registration statement.

Done this day, January 17, 1997.


Lewis D. Kowal
Administrative Law Judge

Original

Copy transmitted by mail/fax/certified
by Chris Crawford; to:

John Greene
Director
ATTN: Curvey Burton
Department of Insurance
2910 North 44th Street, #210
Phoenix, AZ 85018-7256